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October 18, 1999

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WRITER'S DIRECT DIAL

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Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, NW
Room 2222
Washington, DC 20554

Re: Oral Ex Parte Presentation
CC Docket No. 96-45
DA No. 99-1331

Dear Madam Secretary:

In accordance with Section 1.1206 of the Commission's rules, 47 CFR Section 1.1206, we hereby provide you with notice of an oral *ex parte* presentation in connection with the above-captioned proceeding. On Friday, October 15, 1999, Brian Fontes of the Cellular Telecommunications Industry Association (CTIA) and I met with Ellen Blackler, Lisa Zaina, and Mark Nadel of the Commission. The purpose of the meeting was to discuss the status of the application of Smith Bagley, Inc. to become an Eligible Telecommunications Carrier and to provide SBI's views on the proceeding.

In accordance with the Commission's rules, two copies of this letter and of the materials distributed to those persons attending the meeting are enclosed for inclusion in the Commission's docket file.

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Magalie Roman Salas, Secretary
October 18, 1999
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If you have any questions or require any additional information, please contact undersigned counsel directly.

Sincerely,

A handwritten signature in cursive script, appearing to read "D. LaFuria".

David A. LaFuria
Counsel for Smith Bagley, Inc.

Enclosures

cc: Ms. Ellen Blackler
Ms. Lisa Zaina
Mr. Mark Nadel
Mr. Brian Fontes

Smith Bagley, Inc.
FCC Meeting on Eligible Telecommunications Carrier Status
October 15, 1999

I. Introduction - Status of SBI's ETC Application at FCC

- A. Application on PN
- B. Comments and Replies Received
- C. Comments favorable from CMRS community.
- D. LEC comments seek delay.

II. Status of SBI's ETC Application in Arizona

- A. Application filed in April, 1999.
- B. Application amended to restrict geographic area to native American Lands.
- C. Staff has not processed.
- D. Expect to issue "data requests" soon.
- E. Expect to have a hearing, even though LECs did not go through hearing process.
- F. US West intervened even though they only have 100 access lines on the entire Navajo reservation and are selling them to Citizens.
- G. Citizens has supported SBI's petition because it understands that SBI can assist in bringing service to many areas that will never be economically viable for Citizens to serve.
- H. Planned trip to Phoenix to move process along.
- I. SBI expects Arizona process to be extended.

III. FCC Authority

- A. 254 gives FCC authority to fashion USF programs in the first instance, and determining eligibility is a part of that.
- B. 214 also permits carriers not subject to state regulation to be designated by FCC.

IV. Letters from Tribes requesting service.

- A. All 5 tribes have committed to provide letters. We have one in hand, which has also gone to Arizona.

V. Western Wireless Experience in Other States

- A. Long drawn out processes in all 13 states.
- B. Only one recent grant of ETC status in rural areas.
- C. Their ETC application with the FCC (PN 9/10/99) implicitly recognizes that if FCC does not act, states will not grant ETC any time soon.

VI. Bottom Line

- A. Unless FCC acts, service to thousands who have no service will be delayed for years.
- B. Mr. Kennard set forth his desire to have this happen as quickly as possible in his CTIA speech, and SBI has responded. The company is ready to provide service.

VII. SBI Application

- A. Approx. \$335 CPE and installation costs
- B. \$24.99 per month with 30 minutes included
- C. Willing to look at cost models developed to determine appropriate level of reimbursement.
- D. No customer out of pocket per month. Billing and collections problem solved.
- E. Prepaid card useful in having customer contribution.
- F. New switch cut over yesterday. Will permit digital upgrade and enhanced services.



October 11, 1999

The Honorable William E. Kennard, Chairman
Federal Communications Commission
445 Twelfth Street, S.W., Room 8-B201
Washington, D.C. 20554

Dear Chairman Kennard,

I am in writing on behalf of the Navajo to request the Commission to designate Smith Bagley, Inc. ("SBI") as an Eligible Telecommunications Carrier ("ETC") on the Navajo Nation in Arizona and New Mexico, where SBI currently provides wireless services.

This year, you have taken the initiative to encourage wireless carriers to provide innovative solutions to the serious problem of low telephone penetration on Native American lands throughout the country. As you know, the Navajo Nation is no different in our need for affordable telephone service. We ask you to expedite the grant of ETC status to SBI for several reasons.

Most important, there are many remote areas of our reservation that can only be served by wireless service. The combination of remote location and low population density provide no incentive for landline telephone companies to string lines out to these areas. Each day that passes, people in this remote are harmed by a lack of basic telecommunications services. SBI covers much of this area today, and will cover virtually all of it in the near term, so we urge the Commission to permit SBI to commence a universal service program at the earliest possible date.

In many other areas, the landline telephone company is in a monopoly position, and there is no doubt that a competitive universal service offering, such as that proposed by SBI, would encourage many additional people to subscribe to Telephone service. Accordingly, we believe that granting ETC status to SBI would serve the public interest. Indeed, it is hard for us to imagine, after so many years of little or no choice, how this offering would not serve our people.

We have reviewed SBI's preliminary proposal and anticipate working with the company to tailor the universal service program to our people's needs. We have established a productive relationship with SBI over the years, and the company has respected tribal authority and procedures in bringing its services to our people.

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Letter to Honorable William E. Kennard
October 11, 1999

In closing, the Navajo Nation fully supports this effort to provide additional service and choice to our people in the telecommunications arena. We request the commission to expedite its grant of authority and will work with SBI to insure the program success. Our needs are great and we have waited a long time to enjoy the benefits of modern technology.

I would be happy to answer any questions regarding this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Elmer Milford". The signature is fluid and cursive, with a large, stylized initial "E" and a long, sweeping underline.

Elmer Milford
Resources Committee